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Investment Analysis Group
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Special Thanks to William Geronimo

Agenda

- Industry Landscape
- Business Model
- Outlook
- Valuation
- Q & A



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Industry Landscape

Industry drivers

- Consumer spending
- Disposable personal income
- Consumer confidence

Industry measures

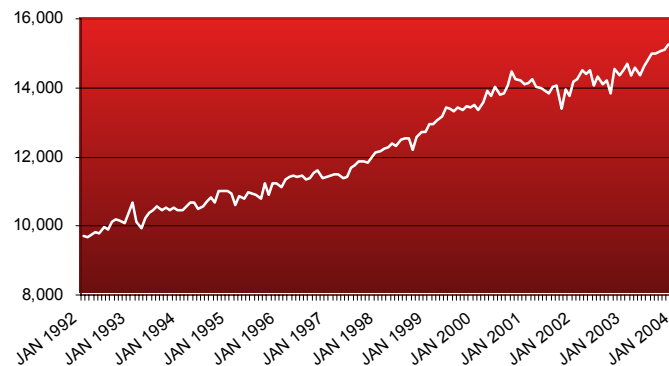
- Same-store sales
- Sales per square foot
- Gross profit margin
- Operating profit margin

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Industry Landscape

U.S. Spending – Clothing and Accessory Stores



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Industry Landscape

Luxury Goods: Poised for Growth

- Acceleration of global consumer spending
- Success of financial markets
- Favorable exchange rates
- Tax cuts
- Pick up on international travel flows



More industry trends

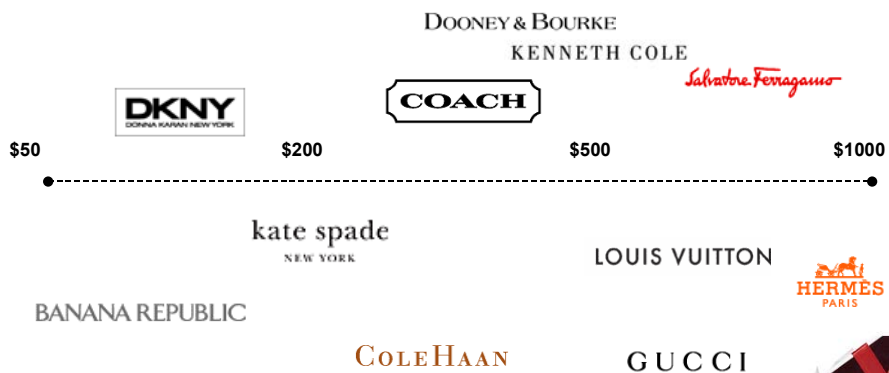
- Department stores leverage labels and brands
- Consumer-centered retailing



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Industry Landscape

Handbag Pricing Distribution



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Business Model: Mission

Coach is a designer, producer and marketer of high-quality, modern American classic accessories.

Keys to Success

- Distinctive Products
- Leadership Position
- Loyal Customers
- Well-balanced
- Innovative

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Business Model: History

Company History

1941: Founded as a family owned leather working shop

1985: Acquired by Sara Lee

2000: Sold to the public

2001: Coach Japan formed through joint venture of Coach and Sumitomo Corp.

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Business Model: Products

Handbags: Account for 57% of Sales



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Business Model: Products

Women's Accessories: Account for 36% of Sales



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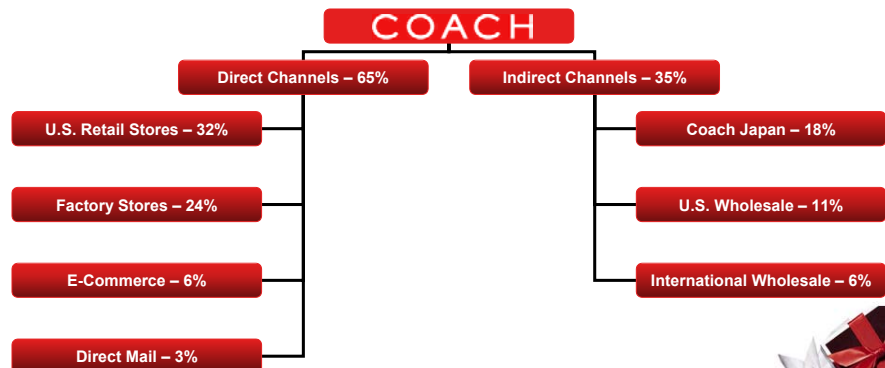
Business Model: Products

Men's Accessories: Account for 8% of Sales



Business Model: Distribution Channels

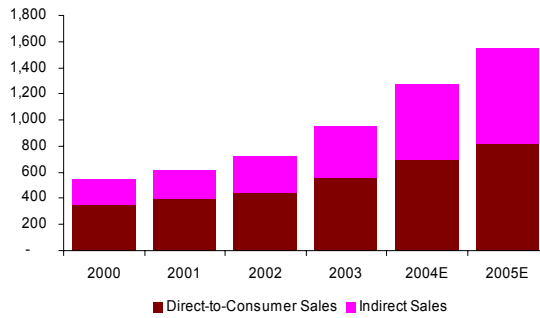
A Two-pronged System



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Business Model: Growth

Sales Growth



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Business Model

Comparable Sales Growth

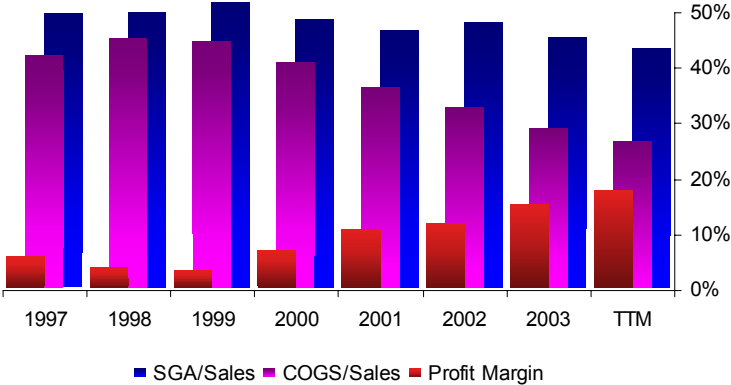


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Operating Margins

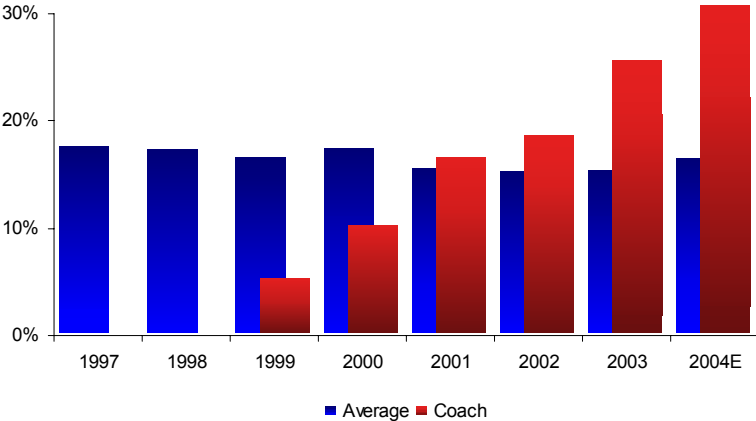
Margins are among the best in the industry



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EBIT Margins top Industry



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Business Model: Store Assumptions

New Store Economic Model	
Total Investment	\$500,000
First Year Sales	\$1,200,000
Average Store Size	2,400
Sales per Square Foot	500
Return	\$480,000
First Year ROI	87%
Payback Period	1.2 years



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Japanese Growth

	2001	2002	2003	2004E	2005E
Total CJJ Sales	40.9	95.7	177.8	240.1	312.1
% Change		134%	86%	35%	30%
% of Total Company Sales	7%	13%	19%	20%	22%
Total Locations	76	83	93	103	113
% Change		9%	12%	11%	10%
Total Square Footage	63,371	76,975	102,242	132,915	166,143
% Change		22%	33%	30%	25%
Sales per Square Foot	645	1,243	1,739	1,806	1,878



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Outlook

Looking Forward

- Growth of Retail Stores in U.S.
- Further international expansion
- Scale back men's product line in favor of footwear

Risks

- Coach will likely be unable to further improve upon its current operating margins
- Movement into non-core merchandise could dilute brand cache

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Price Appreciation



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Valuation: Multiples What?

Company	Equity	Debt	EV - Cash	EBITDA	EBIT	EV/EBITDA	EV/EBIT
Gucci	8,586,130	1,832,945	7,484,497	305,859	63,384	24.47	118.08
Wilson the Leather Experts	60,698	55,695	85,951	2,730	(13,603)	31.48	(6.32)
Jones Apparel Group, Inc	4,754,024	1,214,600	5,685,324	691,700	590,600	8.22	9.63
Kenneth Cole Productions, Inc	674,716	-	583,167	23,770	16,463	24.53	35.42
Liz Claiborne Inc	4,038,753	399,714	4,162,135	493,413	397,018	8.44	10.48
Polo Ralph Lauren	3,360,010	349,437	3,365,841	381,505	302,860	8.82	11.11
Timberland Co.	2,152,599	-	2,011,404	161,328	138,825	12.47	14.49
Tommy Hilfiger	1,464,821	521,526	1,565,521	284,195	196,251	5.51	7.98
VF Corp	4,876,838	663,983	5,044,454	709,287	599,613	7.11	8.41
Coach, Inc	7,457,227	30,086	7,487,313	273,993	243,762	27	31
Mean						15	14
Median						9	10
Std Dev.						10	10
Relative Value (Mean)						21	18
Relative Value (Median)						13	13

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Intrinsic Valuation

Risk Premium	5.51%
Beta (3 year weekly)	1.31
10 Year Bond	4.1%
Cost of Equity	11.7%
Hyper Growth Rate	32%
Stable Growth Rate	3.5%
Percent Overvalued	45%

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Questions?



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